

1 and severally liable for the acts and practices of the other  
2 defendants involved in the business enterprise. The  
3 aforementioned acts and practices of defendants USACS, TWS,  
4 Bayne, and Havil thus violate Section 5(a) of the FTC Act, 15  
5 U.S.C. § 45(a).

#### 6 **CONSUMER INJURY**

7 22. Consumers have in fact been injured by defendants'  
8 violations of Section 5(a) of the FTC Act. As a result of  
9 defendants' deceptive acts or practices, it is highly likely that  
10 consumers will lose all or part of their investments.

#### 11 **THIS COURT'S POWER TO GRANT RELIEF**

12 23. Section 13(b) of the FTC Act empowers this Court to  
13 grant injunctive relief to prevent and remedy violations of the  
14 FTC Act and, in the exercise of its equitable jurisdiction, to  
15 award redress to remedy injury to consumers, to order  
16 disgorgement of monies obtained through defendants' unlawful acts  
17 or practices, and to issue other ancillary equitable relief.

#### 18 **PRAYER FOR RELIEF**

19 WHEREFORE, Plaintiff requests that this Court:

20 (1) Enjoin defendants permanently, preliminarily, and  
21 temporarily, from violating Section 5(a) of the FTC Act in  
22 connection with the advertising, offering for sale, or other  
23 promotion of services and investments in paging or other FCC  
24 licenses, or any other services and investments, or assisting in  
25 the making of deceptive written or oral statements similar to  
26 those alleged herein;

27 (2) Award such relief as the Court finds necessary to  
28

1 redress injury to consumers resulting from defendants' violations  
2 of Section 5(a) of the FTC Act, including but not limited to,  
3 rescission of contracts or refund of money, and disgorgement of  
4 unlawfully obtained monies;

5 (3) Award plaintiff the cost of bringing this action as  
6 well as such other and additional equitable relief as the Court  
7 may determine to be just and proper.

8  
9 Date:

February 9, 1996

Monica E. Tait

10 ERIC J. BASH  
11 GREGG SHAPIRO  
12 Federal Trade Commission  
13 6th St. & Penn. Ave., NW  
Room 200  
Washington, DC 20580  
(202) 326-2892 (E. Bash)  
(202) 326-3549 (G. Shapiro)

14 MONICA E. TAIT  
15 Federal Trade Commission  
16 11000 Wilshire Blvd.  
Suite 13209  
Los Angeles, CA 90024  
(310) 235-7890

17 Attorneys for Plaintiff  
18 FEDERAL TRADE COMMISSION  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

DECLARATION OF [REDACTED]

1. My name is [REDACTED]. I am over eighteen years old and am a citizen of the United States. I currently reside in Butte, Montana.

2. For the past year and a half I have been dealing with a gentleman named Lee Dayer in connection with applying for licenses issued by the Federal Communications Commission ("FCC"). These licenses are for paging and Specialized Mobile Radio ("SMR") frequencies.

3. Most recently Mr. Dayer has been working for a company called Bell Connections ("Bell"). He has told me that he is a manager at Bell. Whenever I call the number Mr. Dayer gave me to contact him (800-710-6869), the receptionist identifies the company as "Bell Connections." Previously, at the same telephone number provided by Mr. Dayer, the company was identified as Discount Filing Services ("DFS").

4. Before working at Bell and DFS, Mr. Dayer was involved with a company called United Consulting Services ("UCS"). Mr. Dayer told me that UCS was his company. I understood that to mean he owned UCS.

5. Mr. Dayer solicited me to invest approximately \$14,000 for applications for SMR licenses. On March 10, 1994, and March

16, 1994, I wrote two checks to UCS, one for \$6,500.00 and the other for \$5,825.00. I sent these checks to Mr. Dayer in Los Angeles, California, in order to file applications for a total of 11 SMR licenses. The checks are endorsed by Mr. Dayer. Copies of the checks are attached as Attachments A and B.

6. More than six months passed and I had not received the SMR licenses. Mr. Dayer, who was then working for DFS, told me that since I had not received any SMR licenses and that the SMR application process was frozen, he would file applications for six paging licenses on my behalf. He told me that the paging licenses were better anyway, and that I would get them much quicker than the SMR licenses. He sent me some literature about paging licenses. A copy of this literature is attached as Attachment C.

7. Mr. Dayer told me that investing in paging licenses would yield me a very good return. He said that he would also file for licenses and that we were both going to be rich. He said that large paging companies would buy my licenses for \$20,000 to \$60,000 each. He also said that I could lease each of my licenses to paging companies and get \$.50 to \$1.00 per customer per month, with the expectation of 20,000 customers.

8. Mr. Dayer also told me that if I leased my licenses, the companies who leased it would sign long term business management agreements and would construct the paging systems for me. I knew that I was required by the FCC to construct systems within one year, or lose the licenses.

9. He further told me that I would not have to invest any more money, except \$35 for each application. From speaking with Mr. Dayer, I believed there was no risk in getting the license and making a profit on my investment.

10. I trusted Mr. Dayer. We had spoken many, many times for hours on the phone, both at his office and his home. I even spoke with his wife several times. Mr. Dayer told me that he was a Christian and that he prays for me. He acted as if we were close friends.

11. The applications I signed were for paging licenses. Between February and May 1995 I received notifications from the FCC that I had been granted six paging licenses. These licenses were for the following cities and bands: Atlanta - 464.025 MHz; Chicago - 463.625 MHz; Tallahassee - 929.1625 MHz; Green Bay - 929.4625 Mhz; South Bend, Indiana - 929.0625 MHz; and Jackson, Mississippi - 929.1625 MHz. I was very excited about receiving the licenses.

12. In April 1995, I received a letter from Bell Connections, signed by a J. Justus, as president of Bell. This letter asked if I wanted to receive a "complimentary referral service to assist in the placement" of my licenses. I signed the bottom of the letter and sent it back. I have heard nothing from Bell about this placement service. A copy of the letter is attached as Attachment D.

13. In about September 1995, I began calling paging companies in the markets for which I had won licenses. I called about ten companies, including SkyTel, MetroPage, and Air Touch, and spoke with representatives of each. Every representative I spoke with said the same thing -- that their companies were not interested in my license(s). They said that if they wanted a shared license, they would apply for those license themselves. They practically laughed at me. I did not realize until I spoke with the paging company representatives that I owned shared licenses.

14. After my conversations with the paging company representatives, I was very upset and tried to call Mr. Dayer. I called many times in the last few months, but he would not take my calls. He has never called me back. I have been trying to reach him since June 1995, probably over a hundred times. I have

not been successful. He even had his home phone disconnected. When I call the number for Bell Connections, the receptionist dutifully tells me that Mr. Dayer is in a meeting or otherwise unavailable, but that he would call me back. For six months he hasn't.

15. I have spoken with a Michael Berman, who claimed to be the customer service advisor for Bell. All Mr. Berman would tell me was that he would try to do something about my licenses.

16. On November 20, 1995, I called Mr. Berman. He told me that there has been no activity on his paging licenses. He was exploring the possibility of acquiring stock options from a big paging company for one or more of his licenses. Mr. Berman told me that the first quarter of 1996 looks good, with a much better chance of buyouts for license holders. I hope so, since two of my licenses (for Atlanta and Chicago) will expire in February 1996.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: Dec. 22 1995

▶122000661◀  
BAC 1000 W TEMPLE LA, CA  
03/15/94 0399999759 4025  
60351035

[illegible]

Robert D. B. B.

EXHIBIT 2  
9

1586

March 16 1994

93-38 562  
329

Pay to the order of United Consulting Service \$ 5825.00

Fifty eight hundred and twenty five dollars <sup>00</sup>/<sub>100</sub> NO DOLLARS

**First Bank Butte**  
Member First Bank System  
First Bank Montana National Association  
Park & Main  
Butte, MT 59701

Memo 5 yx Lic

⑆092900383⑆156221290968⑈1586 / ⑈0000582500⑈

⑈122000661⑈1  
BAC 1500 W TEMPLE LA, CA  
03/18/94 0399999750 4034

53208101

PRE RELEASE 0920000237

0920000237 03-21-94  
0624 055831120040 00  
510091788 103 781 784

STATION DELIVERY TO THE

*[Signature]*

Attachment B

*Discount Filing Services*

**BANK WIRE INSTRUCTIONS**

---

**Bank of America  
5959 Canoga Avenue  
Woodland Hills, CA 91367  
Tel. # (818) 994-8200**

**Branch: 1201  
Account#: 12015-02282  
ABA: 1210-00358  
Account Name: Discount Filing Services, Inc**

Attachment C

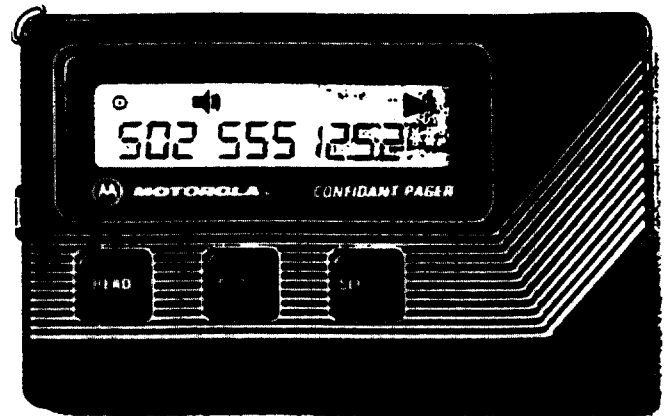
# Communication Opportunities

## On The Move

More than ever, America is a nation on the move. The need for instant and accurate communication is essential. In our fast-paced, mobile society, keeping in touch for business and personal needs is no longer a luxury, but a necessity.

Today's telecommunication innovations have significantly broken down the barriers of distance and time, yet none have experienced the explosive growth of the multi-billion dollar paging industry. In the last two years alone, the number of people using pagers has skyrocketed from 8 million to 12 million, a dramatic increase. The paging industry predicts that by the year 2000, there will be over 50 million pagers in use. Large segments of the American market remain unserved and the ever growing need for inexpensive, portable communication is virtually unlimited.

Paging industry surveys indicate that the major growth in pager sales will be derived from three primary markets: small businesses, professionals, and the general consumer. The goal of the paging licensee is to become a participant in the billion dollar telecommunications industry.



ACTUAL SIZE



ACTUAL THINNESS

## What Is Paging?

A pager is a low-cost mobile communication device. Unlike the mobile phone, the pager is a one-way, or simplex communication tool. The pager can be categorized as a "wireless personal answering machine."

Paging is a means of transmitting alphanumeric (numbers & letters) data or information from one person to another. This is accomplished by utilizing a normal everyday telephone as a transmission source and a pager as the receiver.

With new technology now available, voice messages can now be received, stored and heard on the pagers of today. Now, everyone can have their own "Personal, Portable, Wireless Answering Machine, or E-Mail."

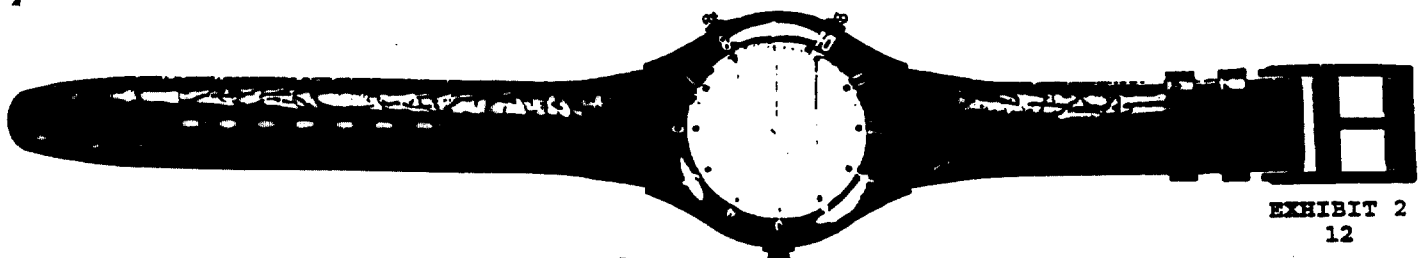


EXHIBIT 2  
12

SWATCH PIEPSE - THE WORLD'S FIRST WRISTWATCH PAGER

# The Paging Market

The paging market has been growing since the introduction of the pager into American Society. The industry's largest companies are competing fiercely for precious market-share as the paging market grows dramatically. In fact, PageNet's subscriber base has grown at a rate of almost 40% over the last two years. PageNet, one of the largest paging companies, started at ground zero by applying for an FCC license.

Paging industry revenues have continued to grow since the introduction of the alphanumeric pager. According to Economic and Management Consultants International, Inc. (EMCI), paging industry revenues have grown steadily from 1.332 billion dollars in 1988 to over 2.5 billion dollars in 1993.

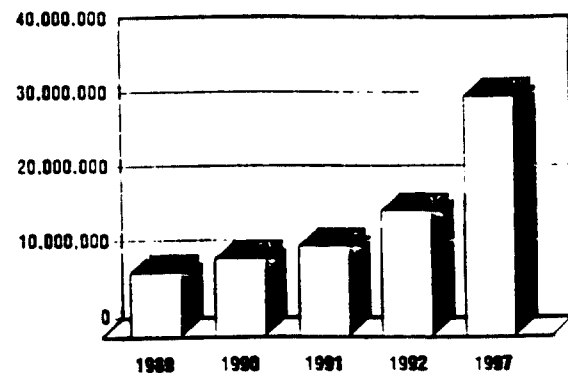
Pagers have experienced double digit growth in recent years. 1.9 million pagers were added to the installed base in 1991, bringing the total to 11.8 million units in operation (an average increase of more than 5,200 new paging subscribers per day). According to Telocator, an industry association, there were 14 million pagers in service in 1992, up 17.6% from 1991.

EMCI believes growth will remain robust in the future, projecting more than 20 million pagers in use by 1996.

"In 1992-1993 the 'alphanumeric' pager is expected to become the second largest segment of the pager market and continue to grow in overall market share. Interestingly enough, the highest revenues on a per-pager basis are generated by the 'alphanumeric' pager ranging from \$27 to \$29 per month, per pager over the past several years. This compares with the standard digital display pager's revenue of \$7 to \$10 per month. In conclusion, EMCI projects continued strong growth in the number of pagers in service and total service revenues for the paging industry. Digital display paging will maintain its dominance of the paging marketplace, with 'alphanumeric' becoming the second most popular service."

"The average revenue per pager should stabilize in the near future at approximately \$14.00 to \$14.50 per pager, per month."

**PAGERS IN USE**



# The Communication Gap

As pagers become increasingly utilized and in constant demand by business and consumers alike, you, the LICENSEE, will be given the unique opportunity to capitalize on this explosive market. Literally speaking, entire segments of the population in your coverage area will consider paging as a means to easily and conveniently service their communication needs.

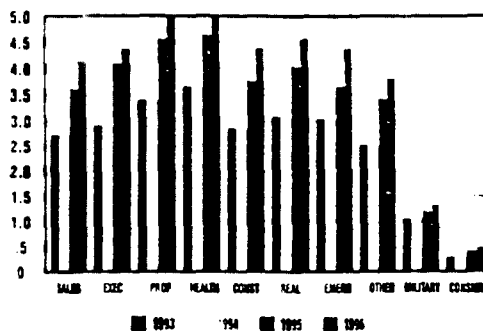
*"Quoted from EMCI Communications Consultants: "The State of the U.S. Paging Industry : 1993"*

**EXHIBIT 2**  
13

**ATTACHMENT C**



PAGING - PROJECTED MARKET PENETRATION (%) BY GROUP



# The Paging Customer

Due to widespread and mass appeal, pagers have become recognized as the **universal communication device**. Their affordability, ease of operation, portability, and wide choice of service options, make them the preferred choice of today's American consumer.

Pager services are used by virtually everyone, from students to professionals, housewives to business people, factory workers to civil servants.. anyone who is on the go and needs to stay in touch.

As a paging licensee, your license will accommodate a full range of pager models and styles, as well as a wide variety of service options, covering needs from the most basic to the latest in technological equipment available today. In addition, as a private paging licensee, you will have the full and unrestricted capability to provide a variety of products in the paging category. This will represent a significant and highly lucrative segment of your overall business.



EXHIBIT 2  
14

ATTACHMENT C

# Our Fees

## For private carrier paging application services

The paging application preparation is actually the compilation of an exacting government document. This document not only includes the actual FCC application itself but any exhibits that are required to accompany it. We at **DFSI**, have the experience, technology, and resources to prepare an acceptable FCC paging license application.

Our fee includes everything to prepare an FCC application in good order, as well as all engineering, frequency coordination, marketing and demographic studies.

In addition to a sincere desire to be in the paging business, the Federal Communications Commission requires that you must be at least 18 years of age.

**RADIO STATION LICENSE**

Licensee Name: PRIVATE CARRIER PAGING  
 City: [blank]  
 State: [blank]  
 Frequency: 130.000 MHz  
 Power: 100 Watts  
 Class: [blank]

**TECHNICAL SPECIFICATIONS**

Transmitter Output Power: 100 Watts  
 Frequency: 130.000 MHz  
 Bandwidth: 12.5 kHz  
 Modulation: [blank]  
 Antenna: [blank]

**ADMINISTRATIVE INFORMATION**

Application Date: [blank]  
 License Term: 5 Years  
 Renewal Date: [blank]

**FEDERAL COMMUNICATIONS COMMISSION**

SAMPLE OF THE FCC LICENSE

# The Risk

## For private carrier paging application services

The **DFSI**, preparation fee covers all expenses necessary to file your application(s), in good order with the FCC (including the FCC required filing fees).

Since the Licenses are awarded on a "first come, first serve" basis, there is a possibility that you may not be granted the License area for which you applied.

Once a paging License is granted, significant capital may be required to finance the construction and operation of the system.

Alternatively, the license holder may contract with a Systems Operator in order to develop the system. Final responsibility for these decisions must remain with the license holder.

Although there have been exceptions, the FCC may revoke a License that is not operational within eight (8) months after the License is issued.

**DFSI**, makes no guarantees or assurances that a paging system will be successful in any specific market area. License application filings may have limited availability of certain market areas and frequencies.

Until the entire paging system for a particular area is operational, the license holder cannot expect income to be generated. The decisions on the sale, lease, construction and operation of a particular license are solely at the discretion of the license holder.

EXHIBIT 2  
15

ATTACHMENT C

# The Reward

Monthly Recurring Revenue	\$225,000	
Operating Expense	Current	
	Expense	Revenue
Salaries	\$86,625	38.50%
General & Administration	\$22,500	10.00%
Engineering & Facilities	\$25,875	11.50%
Cost of Goods Sold	\$10,125	4.50%
Advertising	\$12,825	5.70%
Billing	\$1,125	0.50%
Travel & Entertainment	\$2,250	1.00%
Bad Debt	\$7,425	3.30%
Total Monthly Operating Expense	\$168,750	
Operating Cash Flow	\$58,250	
OCF 88.4% of Revenue		25.00%
<b>Estimated Company Value</b> (Using 7x Multiple Of Cash Flow)		
Monthly OCF x 12	\$58,230	
Annual OCF x 7	\$673,000	
Estimated Company Value	\$4,725,000	

In order to see how paging can be profitable to the licensee, look at how paging companies are valued.

The first method is to calculate a "value per pager," which is the dollar amount that each pager in service represents. The table below illustrates this method. This table shows an estimated average of the value per pager of the companies listed as being \$399.00 per pager.

Another method for evaluating a paging company is to use the "Operating Cash Flow" (OCF) method. This method is very simple: you multiply the monthly "OCF" by 12 to determine the yearly "OCF"; then multiply by 7 and this gives you a fair estimate of the company's sale value. This method is also shown in the chart to the right for a company with \$225,000 monthly recurring revenue. (To arrive at a per pager value, divide the company's sale price by the number of pagers in service.)

VALUE PER PAGER															
Paging Companies (1)	Pagers in Service	Ticker	Price 11/17	52 Weeks H - L	Shares Outst. (MIL.)	Market Cap. (4MIL.)	Net Debt (\$MIL.)	Latest 12 M. (\$ mil.)			Cash Flow			Implied (2) Value Per	
								Rev.	Op. Inc.	OF	Margin	Share	Multiple	Pager	
Arch Comm.	160,134	APGR	7.00	12 7	7.1	49.8	28.7	35.2	-2.7	9.8	28%	\$1.38	8.0 x		\$491
Crico Comm. (3)	101,022	CPAG	14.00	NM	2.6	35.8	23.6	19.0	-0.8	4.9	26%	1.91	12.7 x		588
Dial Page	191,452	DPGE	11.00	NM	6.6	72.2	91.4	49.4	-1.8	18.6	38%	2.83	8.8 x		855
Mobile Telecomm.	239,100	MTEL	12.25	14 8	32.6	399.2	40.5	108.6	-3.2	9.8	9%	0.30	NM	N	
Page America	235,000	PGG	4.75	9 4	3.8	18.0	65.6	33.1	2.7	10.7	32%	2.83	7.8 x		356
Paging Network	1,853,915	PAGE	25.00	26 16	33.5	837.8	216.5	202.5	19.3	72.2	36%	2.16	14.6 x		569
ProNet	123,000	PNET	7.00	9 6	4.1	28.5	3.9	18.5	1.9	5.9	32%	1.46	5.5 x		263
United States Paging	54,800	USPC	3.50	NM	3.7	13.1	4.3	12.9	0.8	3.2	25%	0.85	5.5 x		317
Avg. (excl. Dial & Crico)	444,325		9.92		14.1	224.4	59.9	68.5	3.2	18.6	27%	\$1.50	8.3 x		\$399

(1) Data is as of September 30, 1992, except for Arch Communications (8/31/92), Dial Page, and Crico Communications (June 30, 1992).  
(2) Represents market capitalization plus net debt, divided by the number of pagers in service. Average does not include Crico and Dial Page.  
(3) Current price represents midpoint of proposed IPO pricing range on Crico's September 16, 1992 S-1 filing.

EXHIBIT 2  
16

ATTACHMENT C

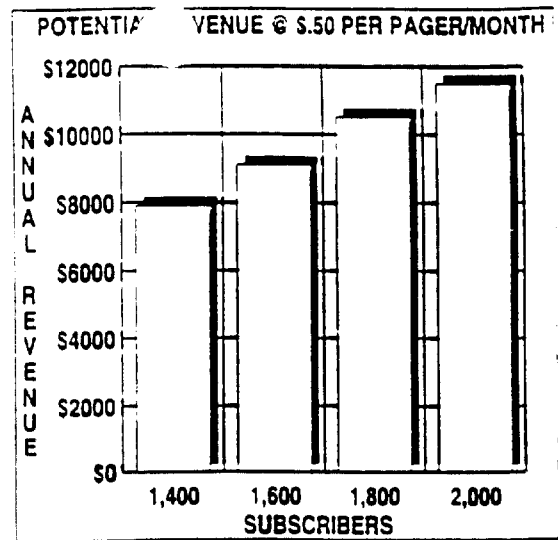
# Today & The Future

It has been illustrated how large the paging market is projected to grow, the billions of dollars that are to be made in the coming years, and even which types of pagers are going to grow in market share and dominate the largest portion of the market. The only question left to answer is, "Which segments of the population are going to use all these paging devices?"

The easiest and most effective way to answer this question is with a picture. The following is a graph constructed from data compiled by "Frost & Sullivan," an independent market research and analyst group that performs this type of work.

The latest trend in computer technology is to combine the messaging capability of pagers with portable computers and mobile phones providing a truly mobile office of tomorrow.

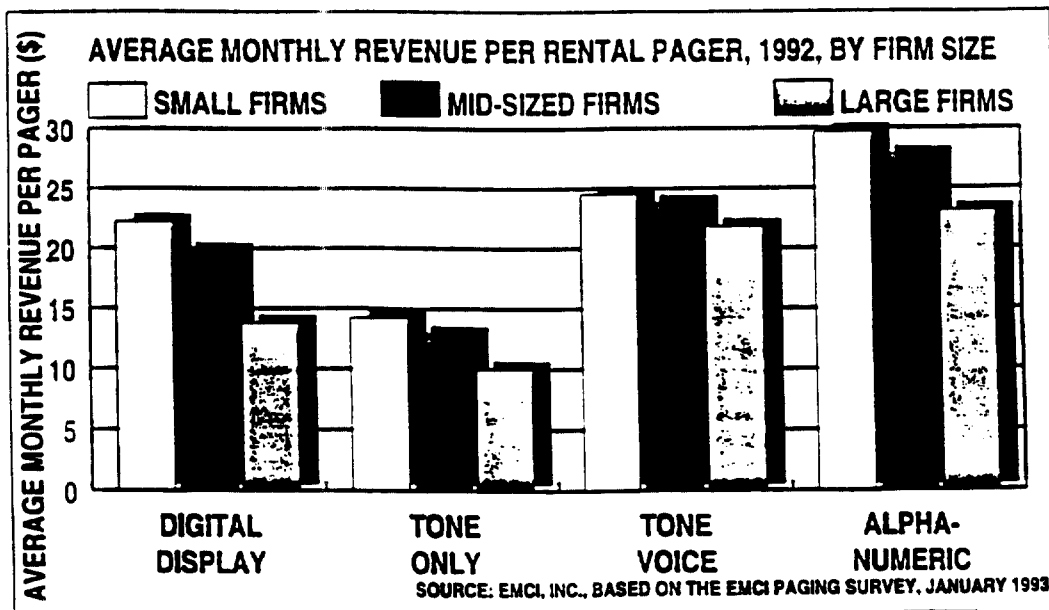
1993 has seen the advent of the personal data assistant, the laptop computer which transmits data over paging frequencies. Even newer products will be able to handle compressed video transmission sent from personal computers to hand-held personal communicators.



# Dollars and Sense

The value of a paging license depends on a number of factors, the most important of which are:

- The population and demographics of an area.
- The revenues received from subscribers.
- The capacity of a system/range of spectrum licensed.
- Competition in the marketplace.



## THE WALL STREET JOURNAL

## INDUSTRY FOCUS

## Mobile Radio Companies Heed Call of Cellular Market

Digital Networks Can Offer Services Geared to the 'Mobile Work Force'

By GAUTAM NAIK

As if the wireless wars weren't feverish enough, an unlikely breed of players is springing up to give the \$9 billion cellular industry a run for its money in some of the busiest urban markets.

The upstarts are specialized mobile radio companies — providers of radio dispatch services for plumbers, truckers and cabs. In the past few months, their once-obscurer and static-filled radio frequencies have become remarkably valuable.

Spurred by the relaxation of certain Federal rules, these firms are converting or antiquated "analog" technology to more powerful "digital" systems. In time, they will allow a host of firms to branch out from dispatch services into cellular-like voice and data services.

"There's a big ship called cellular sailing through," declares Alan Shark, president of American Mobile Telecommunications Association, "but its wake has gotten a lot larger."

Dispatch carriers have been gobbling mom-and-pop mobile radio companies. Number have gone public, and the particularly aggressive Nextel Communications, formerly Fleet Call Inc., has raised \$1 billion dollars from several large companies and public investors. In the past 12 months, Nextel's stock has increased fourfold to almost \$40 a share.

## Getting the Mobile Work Force

Mobile radio firms hope to carve a niche by offering voice, paging and dispatch services on a single handset. These services, offered on digital networks, will let them pursue the most lucrative end of the market: the so-called mobile work force, including couriers, real estate agents and traveling executives.

The window of opportunity is the next few months," asserts Jeffrey Hultman, chief executive of Dial Page Inc., a paging company that recently took the plunge into mobile radio. By that time, he says, the Federal Communications Commission will likely have handed out most available digital frequencies for dispatch.

Among mobile radio firms, no one is moving faster than Nextel. The Rutherford, N.J., company recently activated its digital network in Southern California and plans to expand its services in the rest of the state by early next year.

Nextel's head start owes much to its chairman (and former FCC lawyer), Morton D. Brian, who had the idea of providing cellular service on the dispatch radio spec-

## Competing in the Digital Mobile Radio Industry

■ **Nextel Communications** - Has started operations in Los Angeles; expects to activate systems in San Francisco in early 1994.

■ **CenCall Communications** - Has licenses to introduce systems in Pacific Northwest and Rocky Mountain-Midwest regions.

■ **Dial Page** - Plans to activate first system in mid-1994; will set up additional operations in six Southeastern states.

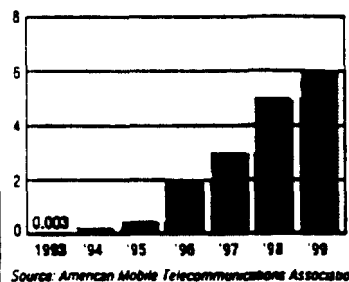
■ **Motorola** - Is awaiting FCC approvals for some markets.

■ **American Mobile Systems** - Nextel plans to buy a majority stake in this company in early 1994; American Mobile is awaiting FCC approval to go digital.

■ **PowerFone** - Expects to set up first digital system in Detroit in early 1995, and eventually cover the Midwest.

■ **Scottek Industries** - Uses Israeli defense technology to provide cellular-like service. First transmission station to be set up in the 1994 3rd quarter; service in entire Northeast by late 1995.

Projected digital subscriber units in service, in millions



■ **Advanced MobileComm/Quantar** - The firms' joint venture will provide service in Portland, Ore.; Seattle, Salt Lake City, Phoenix, San Diego, and Las Vegas in about two and a half years.

■ **Advanced Radio Comm.** - Services of Ft. Worth operate in Miami, Ft. Lauderdale, West Palm Beach by late 1994.

■ **Pillmerhill Communications** - Plans to start operations in El Paso, Texas, in mid-1994.

trum. After a buying spree, Nextel owned licenses from over 100 mobile radio operators. Nextel also got Motorola Inc. to design the digital handsets.

But many dispatch operators, fearing they'd have to spend small fortunes to match Nextel's digital service in their areas, initially opposed the company. Chuck Wells of Mobile UHF Inc., called Nextel's expansion "monstrous." Others lobbied the FCC to block the company's plans. And at an industry meeting, Brian McAuley, Nextel's president, angered colleagues when he described dispatch firms as "dinosaurs" and urged them to improve their technology.

Nextel eventually placated other dispatch firms by agreeing not to place its digital sites too close to theirs. Industry opposition finally died down once other dispatch carriers decided to go digital themselves.

## Convincing the FCC

Nextel faced a more daunting hurdle: How to persuade the FCC to waive certain rules which effectively blocked its plan to go digital. Although the FCC wanted to encourage competition among the cellular

empires, most frequencies in the cellular portion of the spectrum had already been distributed. Nextel's scheme seemed a clever way around the problem.

It proved an uphill task, however. Cellular operators, including the Baby Bells and GTE Corp., unleashed all their lobbying power" at the FCC in an attempt to prevent Nextel from receiving regulatory waivers, according to a person familiar with the situation. "A lot of late night battles followed."

At one point, when Democratic Sen. Ernest F. Hollings of South Carolina pressed the FCC to block Nextel's plan, it seemed the company's progress would be severely delayed. But Nextel had an ace up its sleeve: it won the crucial backing of powerful—if unlikely—allies: several major TV networks.

The broadcast companies had their reasons for supporting Nextel. Anticipating the day when they could offer high-definition television, the networks wanted to own certain ultra-high-frequency channels not yet distributed by the FCC. But if the waivers were denied to Nextel, the FCC, in its effort to spur cellular competition, might offer these

channels for wireless services — which would be a blow to the networks' plans.

The lobbying power of the networks "undercut a lot of the value" of the senator's opposition to Nextel, the person familiar with the situation said. Eventually, in February 1991, Nextel received the waivers. "There were 250 lawyers opposing us, including two ex-FCC chairmen," boasts Mr. McAuley. "But we knew what the rules were."

The field is now brimming with players. CenCall Communications Corp., Denver plans to offer digital services in several states. "We're not looking to overtake cellular carriers," says Steve Schovee, chief executive. "We're just looking for a share of the market."

Despite their momentum, companies face a number of obstacles. Mobile radio handsets are likely to be more expensive than cellular phones; such firms must raise billions to build expensive transmission towers to link the country; and they will have to compete with entrenched cellular firms who also plan to offer various services on a single handset.

"Marketing is going to be the biggest challenge," says Susan Passoni, analyst at Cowen & Co. As with cellular firms, it will cost dispatch carriers a steep \$600 to \$700 in marketing expenses to successfully woo each subscriber, she says.

The dispatch industry is also far from providing a "seamless" network coast-to-coast, although leading firms are putting together a consortium which will allow them to handle each other's calls and permit national roaming.

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Bigger players are also hungry for a slice of the pie. Motorola, the largest operator of mobile radio, is awaiting FCC permission to go digital in some markets. And the Baby Bells and GTE, currently barred from providing dispatch services, are aggressively lobbying the commission to revamp its rules. "Most people in the industry would agree it's probably an inevitability" that local phone companies will eventually enter the dispatch markets, says Debra B. Wayne, senior editor of the Land Mobile Radio News newsletter.

## A TODAY'S MARKET SCOREBOARD

# Motorola surpasses Street estimates

By James Kim  
USA TODAY

The wireless telephone boom has Motorola's earnings — and stock — blasting off.

Late Monday, the wireless communications and micro-chip company announced earnings of 86 cents per share for the fourth quarter. That was 21% higher than Wall Street's consensus estimate of 71 cents. And 48% higher than earnings of 58 cents a share a year earlier. Investors pushed the stock up 2 1/4% to \$61 3/4.

"If this were a small company, beating the estimates by such a large margin might not be significant," says Robert Maire, analyst at Morgan Stanley. "For a company of Motorola's size, it's quite significant."

Analysts across Wall Street boosted their earnings estimates for 1995. Typical of the moves, Marc Cabi, analyst at Cowen & Co., pushed his esti-

## COMPANY SPOTLIGHT

A DAILY LOOK AT A COMPANY, INDUSTRY OR MARKET TREND

mated 1995 per-share earnings up to \$3.20 from \$2.95.

A big surprise: Motorola's rise in profit margins. Net profit margins — net income as a percentage of revenue — rose to 8% from 6.8%. That stemmed in part from cost cutting and lower-than-expected depreciation costs. It also underscores just how big a money maker the wireless phone industry is in general.

Phone companies around the world are furiously setting up wireless phone networks. In Washington, the federal government is auctioning licenses that allow companies to build wireless networks to offer personal communication services, a new kind of wireless service.

Motorola benefits two ways. It's the leading supplier of equipment to set up networks,

owning 30% of that market worldwide. It also sells wireless products such as phones and pagers that consumers use, owning roughly 40% of that market. Revenue from wireless communications surged 64% in 1994, and accounted for 63% of 1994 revenue.

Motorola also benefited from strong sales in its micro-chip business. Among other products, it makes the PowerPC, a prime competitor for Intel's Pentium chip. Motorola's chip sales rose 22% in 1994, and accounted for 31% of total revenue.

Analysts expect earnings to power even higher, about 25% a year the next three to five years.

So money managers and analysts are bullish on the stock, which is up 47% since hitting a

Wireless boom				
Motorola (NYSE)	'93	'94	'95 est.	'96 est.
Revenue (billions)	\$17.9	\$22.2	\$27.5	\$34.5
Net income (billions)	\$1.0	\$1.6	\$1.9	\$2.3
Earnings per share	\$1.78	\$2.65	\$3.20	\$4.00
Hq: Schaumburg, Ill.	Exch: NYSE Employees: 127,000			
Div. Yld: \$0.40 / 0.6%	P-E: 19 Shares: 586 million			
52-wk. High/Low: \$61 3/4 / \$42 1/4	Tues. price: \$61 3/4, +2%			
Earnings and revenue estimates: Cowen & Co. P/E based on estimated 1995 earnings. Source: USA TODAY research				

52-week low in April.

That raises the question: Is it now fairly valued? Technology stocks have been hot the past year, and some analysts think the entire group is due for a correction. But for now, analysts think Motorola will zoom. "The stock is undervalued," says Tony Langham, analyst at NatWest Securities.

Motorola trades at 19 times its estimated 1995 earnings. The Standard & Poor's 500 index, meanwhile, trades at 13.7 times '95 estimates. But because of the company's growth potential, Cabi says, the company deserves to trade at a higher multiple, up to 25 times 1995 earnings per share. That's about \$80 over the next year.

## INDUSTRY FOCUS

## Mobile Radio Companies Heed Call of Cellular Market

Digital Networks Can Offer Services Geared to the 'Mobile Work Force'

By GAUTAM NAIK

Staff Reporter of THE WALL STREET JOURNAL

As if the wireless wars weren't feverish enough, an unlikely breed of players is gearing up to give the \$9 billion cellular industry a run for its money in some of the biggest urban markets.

The upstarts are specialized mobile radio companies — providers of radio dispatch services for plumbers, truckers and taxi cabs. In the past few months, their once-obscure and static-filled radio frequencies have become remarkably valuable. Spurred by the relaxation of certain federal rules, these firms are converting their antiquated "analog" technology to more powerful "digital" systems. In time, this will allow a host of firms to branch out from dispatch services into cellular-like voice and data services.

"There's a big ship called cellular moving through," declares Alan Shark, president of American Mobile Telecommunications Association, "but its wake has just gotten a lot larger."

Dispatch carriers have been gobbling up mom-and-pop mobile radio companies. A number have gone public, and the particularly aggressive Nextel Communications Inc., formerly Fleet Call Inc., has raised over a billion dollars from several large companies and public investors. In the last 12 months, Nextel's stock has increased fourfold to almost \$40 a share.

## Targeting the Mobile Work Force

Mobile radio firms hope to carve a niche by offering voice, paging and dispatch services on a single handset. These services, offered on digital networks, will let them pursue the most lucrative end of the market: the so-called mobile work force, including couriers, real estate agents and traveling executives.

"The window of opportunity is the next six months," asserts Jeffrey Hultman, chief executive of Dial Page Inc., a paging company that recently took the plunge into mobile radio. By that time, he says, the Federal Communications Commission would likely have handed out most available digital frequencies for dispatch.

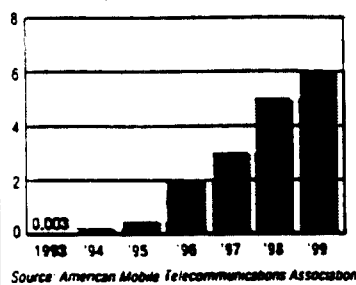
Among mobile radio firms, no one is moving faster than Nextel. The Rutherford, N.J., company recently activated its first digital network in Southern California, and plans to expand its services in the rest of the state by early next year.

Nextel's head start owes much to its chairman (and former FCC lawyer), Moran O'Brien, who had the idea of providing cellular service on the dispatch radio spec-

## Competing in the Digital Mobile Radio Industry

- **Nextel Communications** - Has started operations in Los Angeles; expects to activate systems in San Francisco in early 1994.
- **CenCall Communications** - Has licenses to introduce systems in Pacific Northwest and Rocky Mountain-Midwest regions.
- **Dial Page** - Plans to activate first system in mid-1994; will set up additional operations in six Southeastern states.
- **Motorola** - Is awaiting FCC approvals for some markets.
- **American Mobile Systems** - Nextel plans to buy a majority stake in this company in early 1994; American Mobile is awaiting FCC approval to go digital.
- **PowerFone** - Expects to set up first digital system in Detroit in early 1995, and eventually cover the Midwest.
- **Seetek Industries** - Uses Israeli defense technology to provide cellular-like service. First transmission station to be set up in the 1994 3rd quarter; service in entire Northeast by late 1995.

Projected digital subscriber units in service, in millions



- **Advanced MobileComm/Questar** - The firms' joint venture will provide service in Portland, Ore.; Seattle, Salt Lake City; Phoenix, San Diego, and Las Vegas in about two and a half years.
- **Advanced Radio Comm: Services of Fla.** - Will operate in Miami, Ft. Lauderdale, West Palm Beach by late 1994.
- **Pittsburgh Communications** - Plans to start operations in El Paso, Texas, in mid-1994.

trum. After a buying spree, Nextel owned licenses from over 100 mobile radio operators. Nextel also got Motorola Inc. to design the digital handsets.

But many dispatch operators, fearing they'd have to spend small fortunes to match Nextel's digital service in their areas, initially opposed the company. Chuck Wells of Mobile UHF Inc., called Nextel's expansion "monstrous." Others lobbied the FCC to block the company's plans. And at an industry meeting, Brian McAuley, Nextel's president, angered colleagues when he described dispatch firms as "dinosaurs" and urged them to improve their technology.

Nextel eventually placated other dispatch firms by agreeing not to place its digital sites too close to theirs. Industry opposition finally died down once other dispatch carriers decided to go digital themselves.

## Convincing the FCC

Nextel faced a more daunting hurdle: How to persuade the FCC to waive certain rules which effectively blocked its plan to go digital. Although the FCC wanted to encourage competition among the cellular

empires, most frequencies in the cellular portion of the spectrum had already been distributed. Nextel's scheme seemed a clever way around the problem.

It proved an uphill task, however. Cellular operators, including the Baby Bells and GTE Corp., "unleashed all their lobbying power" at the FCC in an attempt to prevent Nextel from receiving regulatory waivers, according to a person familiar with the situation. "A lot of late night battles followed."

At one point, when Democratic Sen. Ernest F. Hollings of South Carolina pressed the FCC to block Nextel's plan, it seemed the company's progress would be severely delayed. But Nextel had an ace up its sleeve: it won the crucial backing of powerful—if unlikely—allies: several major TV networks.

The broadcast companies had their reasons for supporting Nextel. Anticipating the day when they could offer high-definition television, the networks wanted to own certain ultra-high-frequency channels not yet distributed by the FCC. But if the waivers were denied to Nextel, the FCC, in its effort to spur cellular competition, might offer these

channels for wireless services — which would be a blow to the networks' plans.

The lobbying power of the network "undercut a lot of the value" of the senator's opposition to Nextel, the person familiar with the situation said. Eventually, in February 1991, Nextel received the waivers. "There were 250 lawyers opposing us, including two ex-FCC chairmen," boasts Mr. McAuley. "But we knew what the rules were."

The field is now brimming with player CenCall Communications Corp., Denver plans to offer digital services in several states. "We're not looking to overtake cellular carriers," says Steve Schove, chief executive. "We're just looking for share of the market."

Despite their momentum, companies face a number of obstacles. Mobile radio handsets are likely to be more expensive than cellular phones; such firms must raise billions to build expensive transmission towers to link the country; and they will have to compete with entrenched cellular firms who also plan to offer various services on a single handset.

"Marketing is going to be the biggest challenge," says Susan Passoni, analyst at Cowen & Co. As with cellular firms, will cost dispatch carriers a steep \$600-\$700 in marketing expenses to successfully woo each subscriber, she says.

The dispatch industry is also far from providing a "seamless" network coast-to-coast, although leading firms are putting together a consortium which will allow them to handle each other's calls a permit national roaming.

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## MARKETPLACE

... THURSDAY, SEPTEMBER 30, 1993 B1

## TECHNOLOGY

## Bells and Whistles Turn Beepers Into Data Receivers

By JOHN J. KELLER

Staff Reporter of THE WALL STREET JOURNAL

In the beginning there was the beeper, that annoying little gadget whose incessant chirping told you to call somebody back. But now the beeper is becoming a data communicator, a tiny low-tech computer and an electronic message pad.

Paging carriers and two-decade-old beeper technology are in danger of being overtaken by the ubiquitous cellular phone. And one day, "personal communication services" will deliver digital data, voice, fax and even video to lightweight pocketphones. So paging carriers are turning the simple beeper into data communicators for roving consumers, while also expanding their radio-wave networks to beam news, stock quotes and other information to portable computers and palm-sized "personal digital assistants."

"Paging is a real sleeper," says Paul Callahan of Forrester Research, Cambridge, Mass., which follows the computer and communications industries. "Pagers are small, they're cheap, and have great battery life—unlike cellular phones."

Two of the biggest paging carriers trying to survive the wireless wars are Mobile Telecommunication Technologies Corp., or Mtel, of Jackson, Miss., and BellSouth Corp., Atlanta, which also operates sizable cellular and wireless data businesses.

## Financial Data

Mtel, which serves 300,000 subscribers on its nationwide SkyTel paging network, began shipping a slew of news and financial data to its customers in the past year. Now it will soon let senders use its network to reach portable computers with messages several sentences long.



The new breed of pagers can carry text messages on their screens.

At rival BellSouth, the MobileComm paging service is about to add limited text messages, beamed one way to laptop or notebook computers or to specially equipped beepers. Customers will be able to set a pecking order for the people from whom they want to receive messages. (MobileComm calls this "prioritizing.") Better yet, they can choose to have the sender pay for the privilege of sending a message: Either way, it's \$2.95 per 100 characters for immediate delivery, and up to 65 cents for a message beamed overnight.

Even those advances, though, don't come close to the new-fangled features of pocketphones and future PCS networks. Beeper networks today are decidedly one way in their communications ability.

## Light and Mobile

In about 20 years the beeper business has grown to 15 million customers and \$2 billion in revenue, and more than 75% of the business is strictly small-time, local service. In half that time, cellular phones have spread to 12 million customers and

Please Turn to Page B6, Column 4

## Bells and Whistles Are Turning Beepers Into Data Receivers

Continued From Page B1  
revenue of \$11 billion, and they are growing at more than 30% a year.

Mtel hopes to stay competitive by cashing in on ever-lighter, mobile computers. Users will be able to receive short messages over the Skytel paging network by plugging a so-called PCMCIA card—a simple, credit-card-sized pager/modem—into their portable computers.

To make things even more attractive, SkyTel's president, David Garrison, says the company will restructure its paging rates to let people who travel to only a few cities pay a lower price (\$39 a month) than SkyTel's nationwide service charge (\$69), which remains. "All of this will mean a lot to the 40 million people who don't work at their desks," he says.

In the not-too-distant future, paging services in the U.S. will also be two way. Mtel's Mtel Technologies subsidiary is building a \$150 million network, scheduled to start operating in 1995, that will let subscribers beep a sender back to acknowledge a message or respond with a short memo.

Stephen E. Pazian, president of Mtel rival MobileComm, says snazzy paging features are critical to attract the industry's sales target: anyone who walks, drives, rollerblades or flies. "We figure that many of the 15 million subscribers who currently get paging services will want a service that lets them control the message flow," he says.

Even with the new powers, beepers are convenient and simple to operate. To reach a pager you dial a single phone number and let a computerized voice tell you how to punch in the rest of the codes. The paging message itself worms its way through the local phone network to a service's computer center, which then relays the signal via satellite to local radio transmitters that broadcast the signal until the pager picks up the message.

In many areas of the world, the dumb little box that slips over a belt is the only reliable means of communications. In phone-starved China, people using pagers work out number codes with family members who can't get to a phone. If, say, the pager beeps and "22" suddenly appears on the little screen, it may mean dinner's on—or to avoid Tiananmen Square. In Brazil, anxious, inflation-crazed subscribers use their pagers to get updates on their bank accounts. Thirty days after service began, they used the network so much that the system ran out of capacity and had to be expanded.

WEDNESDAY, MAY 26, 1993 B1

THE WALL STREET JOURNAL

# MARKETPLACE

## Airwave-Auction Bill To Raise \$7.2 Billion Voted by Senate Unit

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — The Senate Commerce Committee approved a bill designed to raise \$7.2 billion over the next five years by auctioning part of the public airwaves.

The measure, similar to one that passed the House Energy and Commerce Committee this month, also transfers 200 megahertz of the radio spectrum from government use to the private sector.

Yesterday's approval by voice vote marks a turnaround for Democratic leaders who have opposed competitive bidding for the airwaves, a notion that surfaced during the Reagan administration.

The Senate version originally set aside 30 megahertz of the radio spectrum for auctions. That wouldn't raise much money, however, so the number was increased to 180 megahertz. That also was expected to fall below the budget target. By the time the measure cleared the Commerce panel, the limits were scrapped.

The concern has been that auctions would benefit large corporations with deep pockets and exclude minorities and small

companies with innovative technologies. Under the Senate legislation, regulators would be required to ensure that the bidding process doesn't leave out small companies with innovative technologies.

Much of the \$7.2 billion is expected to come from auctioning part of the spectrum for the next generation of wireless phones and hand-held computers known as personal communications services. The Federal Communications Commission is expected to decide later this year or early next year how much of the radio spectrum these new services would be allocated.

Both versions exempt broadcast licenses from competitive bidding, a point vigorously advocated by broadcasters that feared they might have to pay huge sums when their licenses came up for renewal.

Separately, the Senate Commerce Committee approved the nomination of Larry Irving, a former staff member of the House telecommunications panel, to be the Commerce Department's assistant secretary for communications and information. The full Senate is expected to approve the nomination soon.

By CHRISTOPHER REED

**A**TENTION! Your immediate attention — that's what your beeper demands. Should we resist?

Many people don't think so, however. Beeper, now available in modish colors like Bimini Blue and Vibra Pink, have caught on. Millions of Americans willingly, even eagerly, wear these electronic tethers, which range in price from \$90 to \$300, not including a monthly service charge of \$10 to \$50. Some 15.2 million beepers are in use in the United States, with Motorola being the biggest player. And if the \$2.8 billion industry achieves its goal of 50 million units in circulation within five years, beepers — which are also called pagers, and which sometimes chime or vibrate — will be nearly as common as VCR's.

The virtues of beepers are evident. Doctors, plumbers, expectant fathers, teenagers — all may give greater satisfaction if easily reached.



## Wireless Messaging Service To Be Available This Month

Apple Computer Inc. said a new wireless messaging service for its Newton MessagePad hand-held computer is expected to be available Oct. 18.

The service from MobileComm, a BellSouth Corp. unit, will allow users to receive postcard-length messages through a paging network expected to include 550 U.S. cities, Apple said. Monthly fees are expected to range from \$21 for local coverage to \$33.95 for nationwide coverage.

By contrast, a nationwide paging service called SkyTel, a Mobile Telecommunications Technologies Corp. unit, charges \$125 a month for 100 pages, each of which can be as long as 240 characters. A pager is provided free with the service. The Apple service requires a credit-card-size receiver made by Motorola Inc. that fits into a slot in the computer and is expected to retail for \$229.

## Apple to Offer a Paging Plan for Newtons

By JOHN MARKOFF

In an effort to pick up sluggish sales of its Newton hand-held computer, Apple Computer said yesterday that it would begin offering the system with a paging service under a two-year lease program with MobileComm, a subsidiary of BellSouth that offers a nationwide paging system.

Apple also said sales of the Newton were better than had been speculated. Gaston Bastiaens, vice president and general manager of Apple's Personal Interactive Electronics division, said the company had sold 80,000 machines through the end of 1993. He said that the number did not include those sold by Sharp, one of Apple's partners in the Newton Project.

At the end of October, Apple said

that it had sold 50,000 Newtons to dealers, but there have been scattered reports of a high return rate for the machine, which has come under criticism for imperfect handwriting recognition. Mr. Bastiaens said the new sales figure indicated that the Newton did have some momentum even though sales had slowed since the introduction in August.

The leasing agreement with MobileComm offers a local paging service for \$49.95 a month or a national service that includes 550 cities in the United States and the Caribbean for \$89.95. At the end of the 24-month lease, a customer must buy the Newton MessagePad and the Newton paging card for \$89 or continue the lease program with a \$10 monthly discount.

Apple executives demonstrated the paging system, which lets the Newton

## Paging Network Inc.

Paging Network Inc. expects to post today a 45% jump in operating cash flow for the fourth quarter to about \$29 million from \$20 million a year earlier.

In an interview, the paging company's president, Terry L. Scott, said Paging Network expects to report that revenue increased 34% in the period to \$85 million from \$63.3 million a year ago.

The company, like most other paging concerns, views operating cash flow — earnings before interest, income taxes, depreciation and amortization — as its key performance measure because of heavy up-front marketing expenses.

Mr. Scott said the company, which is based in Plano, Texas, expects to report a net loss for the quarter of \$4.7 million, or nine cents a share, compared with a loss of \$4.2 million, or 12 cents a share, a year earlier.

He said the company closed the year with 3,070,000 pagers in service, up sharply from 2,077,954 at the end of 1992.

receive 500-character text messages and then perform some action such as automatically calling up an electronic file with a phone number or scheduling an appointment.

Apple said that more than 2,000 companies were developing software and peripherals for the Newton, although only 40 software applications are currently available.

Industry executives said that Apple was working on several new versions of the Newton, including one that is said to have up to 10 times the battery life of the original MessagePad model. The Lindy version, which is about the same size as the Newton, but with an enlarged base to accommodate more batteries, is also said to have improved handwriting recognition software.

EXHIBIT 2

23

ATTACHMENT C

# With new pager messenger's voice will follow the beep

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By L.A. LOREK  
Business Writer

*Beep. Pick up a gallon of milk on your way home. Beep. Come back to the office, now.*

No longer will your pager just beep at you. It will soon talk to you.

On Friday, Motorola announced that it has teamed up with Paging Network of Dallas to develop a new palm-sized personal answering machine. The device, a pager-like product called VoiceNow, captures, stores and playbacks voice messages.

"We think it's the first product that has the potential to really crack the consumer market," said Barry Fromberg, chief financial officer for Paging Network, the country's largest paging company.

Here's how it works:

The person sending the message dials a special phone number, the same as using a pager now.

The caller hears a recorded greeting from the recipient and leaves an oral message. This is sent by phone

to a paging terminal, then to a satellite, and finally to the recipient.

The device differs from voice pagers available several years ago because it used digital technology while they used low-quality analog transmissions. Also, the old pagers didn't store messages, so a voice could come blurring out at inopportune times.

PageNet expects to start selling them next year through its existing 1,500-person sales for about \$20 a month.

Pager customers now pay about \$7 to \$9 a month for local service.

John Adams, a communications and software analyst at Principal Financial Securities in Dallas, said the new product is likely to be popular.

"I carry a pager right now. I'll bet my wife would love it...if she knew she could call me and get a voice message to me virtually anywhere," he said.

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Sun-Sentinel, Saturday, April 9, 1994

# Paging all consumers

## Popularity nearly doubles in four years

By Donna Rosato  
USA TODAY

Chirp, chirp . . .

That's not a bird you hear — it's the new sound of pagers.

Pagers that used to beep in a plumber's pocket or a businessman's briefcase — even in drug dealers' digs — are showing up more and more in the hands of kids, teen-agers and working parents.

Half of all pagers now sold are for personal use, says Telocator, the personal communications industry association.

"They're one of our hottest sellers during the holidays," says Julie Mullian, of electronics retailer Circuit City.

Sales of the wireless devices, which flash telephone numbers or word messages, are up 25% over last year. About 19 million pagers now are used in the USA, vs. 10 million in 1990. By 1997, nearly 30 million pagers are expected to be beeping around the USA.

"The real story in paging is the number of uses consumers are finding for them," says Rob Pollack, director of marketing at Motorola, which has about 85% of the pager market.

Parents have beepers so baby sitters can reach them when they go out. Adults give their elderly parents and teenage children their beeper numbers so they can be reached easily. Construction and factory workers use pagers because they don't have easy access to a phone.

To send someone a message on a pager, you just need a phone. Typically, you dial a toll-free 800-number and enter the pager number on a telephone key pad for the person you're trying to contact. Then you punch in the number where you can be reached and that number will flash across the pager screen.

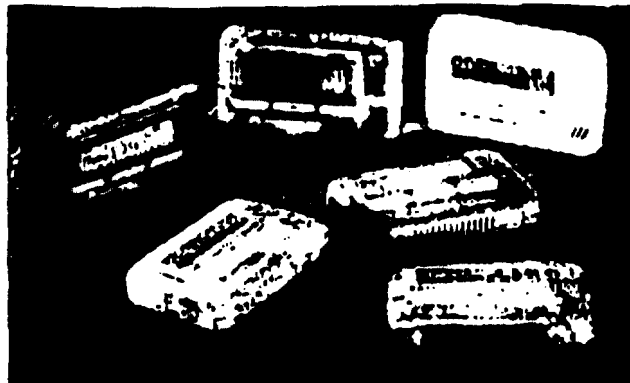
Pager makers are making a big push to attract non-business users. Earlier this year, Motorola launched an advertising campaign aimed at parents to market several pagers designed specifically for consumers.

Motorola's pagers are smaller and lighter than traditional pagers. They are designed in bright colors and have different features such as a musical chime or bird chirp instead of a beep. And, like a watch, they tell you the date and time and have an alarm clock function.

Why are more people using pagers?

► **Affordability.** Pager prices have fallen. On average, beepers cost under \$100, vs. about \$400 a decade ago. Fees average \$15 a month.

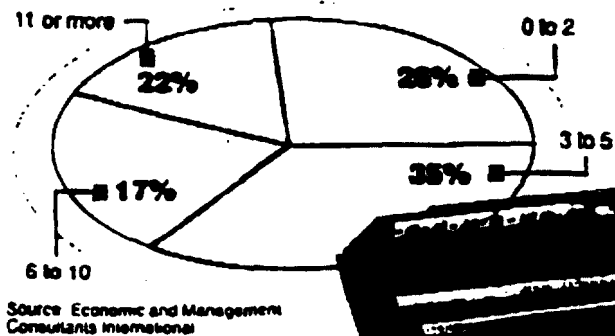
A beeper that would have cost \$149 just two years ago is about \$89 today, says Bob Fraser,



**GROWING POPULARITY:** The Memo Express Alpha model has helped Motorola capture 85% of the U.S. pager market.

### Beep, beep: pagers stay busy

Number of messages that pager users get daily:



Source: Economic and Management Consultants International

By Garry Parker, USA TODAY

electronics buyer at ABC Warehouse, a consumer electronics chain in Michigan.

Because production technology is more efficient and demand is up, pager prices have dropped.

Pagers are also cheaper than portable cellular telephones. Cellular phones cost about \$150 but monthly fees and access charges make them much more expensive than pagers.

► **Availability.** A few years ago, pagers weren't sold by retailers. Consumers had to go right to a company that provides paging services. Now Kmart and Wal-Mart are selling pagers. Electronics retailers such as Circuit City, Best Buy and Radio Shack also are selling them.

"People are more mobile and (pager) prices have gotten more affordable," says Jean Coppenbarger, of MobileComm, the largest supplier of paging products and services to retailers.

Demand for pagers has been "phenomenal" this year, Coppenbarger says. "Lots of people (bought) them as Christmas presents."

Pagers aren't only a hot Christmas item. MobileComm says Father's Day is its second-biggest holiday for pagers. "We always see a spike in sales at Christmas but pagers have become a very accepted gift," Fraser says.

21631 VENTURA BLVD., SUITE 1000 WOODLAND HILLS, CA 91364  
Tel # 800-710-6869 Fax # 818-712-9747

April 12, 1995

[REDACTED]  
[REDACTED]  
[REDACTED]

Subject: Complimentary Service Agreement - SMR and Paging Licenses

Dear Mr. [REDACTED]

In our continuing effort to better serve our clients, Bell Connections, Inc. has initiated a complimentary referral service to assist in the placement of client SMR & paging licenses. This service is reserved for Bell Connection's clients only. Bell Connections presently has a working relationship with several communications company in both primary and secondary markets. These companies have indicated a need for SMR and Paging frequencies at locations throughout the country. At our clients' request we will enter licensing information into our data base and presenting it to the appropriate companies, we provide clients with additional opportunities to be assisted with their licenses. Bell Connections is an independent third party in this transaction and receives no compensation.

We would like to congratulate you on receiving your licenses. If you would like to move forward with our services, please sign and return this letter with copies of your licenses.

Do not hesitate to call if you have any questions. A representative of Bell Connections will call you within 96 hours of receipt of your license.

Best Regards,

*J. Justus*

J. Justus  
President, Bell Connections, Inc.

The undersigned has read the above Service Agreement and would like to participate in said service on a complimentary basis with no commitment on behalf of the licensee.  
Bell Connections, Inc., cannot guarantee the outcome of above service.

[REDACTED]

Licensee / Date

*Return this agreement with licenses attached*